

**355.8-103 Rules for determining whether certain obligations and interests are securities or financial assets.**

- (1) A share or similar equity interest issued by a corporation, business trust, joint stock company, or similar entity is a security.
- (2) An "investment company security" is a security. "Investment company security" means a share or similar equity interest issued by an entity that is registered as an investment company under the federal investment company laws, an interest in a unit investment trust that is so registered, or a face-amount certificate issued by a face-amount certificate company that is so registered. Investment company security does not include an insurance policy or endowment policy or annuity contract issued by an insurance company.
- (3) An interest in a partnership or limited liability company is not a security unless it is dealt in or traded on securities exchanges or in securities markets, its terms expressly provide that it is a security governed by this article, or it is an investment company security. However, an interest in a partnership or limited liability company is a financial asset if it is held in a securities account.
- (4) A writing that is a security certificate is governed by this article and not by Article 3 of this chapter, even though it also meets the requirements of that article. However, a negotiable instrument governed by Article 3 of this chapter is a financial asset if it is held in a securities account.
- (5) An option or similar obligation issued by a clearing corporation to its participants is not a security, but is a financial asset.
- (6) A commodity contract, as defined in KRS 355.9-102(1)(o), is not a security or a financial asset.
- (7) A document of title, as defined in KRS 355.1-201(2)(p), is not a financial asset unless KRS 355.8-102(1)(i)3. applies.

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**History:** Amended 2012 Ky. Acts ch. 132, sec. 59, effective July 12, 2012. -- Amended 2000 Ky. Acts ch. 408, sec. 169, effective July 1, 2001. -- Repealed and reenacted 1996 Ky. Acts ch. 130, sec. 116, effective January 1, 1997. -- Amended 1986 Ky. Acts ch. 118, sec. 11, effective July 1, 1987. -- Created 1958 Ky. Acts ch. 77, sec. 8-103, effective July 1, 1960.